

Message Text

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PAGE 01 TOKYO 06432 01 OF 02 141210Z
ACTION COME-00

INFO OCT-01 EA-12 IO-14 ISO-00 EB-08 /035 W
-----011146 141216Z /10

P 140345Z APR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 7055
INFO USMISSION GENEVA

UNCLAS SECTION 1 OF 2 TOKYO 6432

PASS COMMERCE FOR ASSISTANT SECRETARY WEIL
USMTN

E.O. 11652: NA
TAGS: BEXP, JA, US
SUBJECT: TRADE FACILITATION COMMITTEE: REQUEST FOR
. EMBASSY INPUT FOR THIRD TFC PROGRESS REPORT

REF: (A) STATE 91791 (NOTAL), (B) TOKYO 6325,
. (C) TOKYO 6068

1. FOLLOWING IS IN RESPONSE TO PARA (A) OF REF A,
KEYED TO NUMBERED ITEMS.

(1) TOBACCO INSTITUTE (CASE NO. 5): AT APRIL 11
TFC TOKYO GROUP MEETING (REF B), HANAOKA GAVE
US SIX-PAGE RESPONSE RE THIS CASE, CONSISTING
OF A SET OF "CLARIFICATIONS FROM THE MINISTRY OF
FINANCE WHICH EXCLUSIVELY HANDLES THIS MATTER."

BASIC POINTS ARE (A) FOREIGN CIGARETTES ARE
IMPORTED IN ACCORDANCE WITH DEMONSTRATED DEMAND,
WITHOUT DISCRIMINATION AMONG COUNTRIES; (B) THE
NUMBER OF SHOPS HANDLING "FOREIGN TOBACCO" IS
ALSO RELATED TO DEMAND, AND THUS THE NUMBER OF
SUCH SHOPS HAS INCREASED FROM 8,000 IN SEPTEMBER
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1972 TO 14,100 IN SEPTEMBER 1977; (C) WHILE THE
RETAIL MARGIN PERCENTAGE FOR IMPORTED CIGARETTES
(TERM USED IS "TOBACCO") IS LOWER THAN THAT
FOR DOMESTIC CIGARETTES, THE ACTUAL MARGIN
AMOUNT IN YEN IS HIGHER DUE TO THE HIGHER PRICE;
(D) THE RETAIL PRICE OF IMPORTED TOBACCO PRODUCTS
IS DETERMINED FAIRLY SINCE IT IS BASED ON "OVERALL

CONSIDERATION OF SUCH FACTORS AS PURCHASING PRICE, SALES EXPENSE, RETAIL MARGIN, GOVERNMENT REVENUES, QUALITY, AND CONSUMPTION TRENDS, WITHOUT DISCRIMINATION BETWEEN IMPORTED AND DOMESTIC TOBACCO;" AND (E) ADVERTISING, IN ACCORDANCE WITH WHO RECOMMENDATIONS AND PUBLIC CONCERN REGARDING THE HEALTH ISSUE, IS LIMITED "TO THOSE CONCERNED WITH THE MANNER OF SMOKING, THE ANNOUNCEMENT OF NEW PRODUCTS, AND THE DIFFUSION OF GENERAL PRODUCT KNOWLEDGE."

COPIES OF LETTER BEING SENT TO COMMERCE (GLICK), STATE (GEBER), AND USMTN (FORREST). REQUEST COMMERCE PROVIDE COPY TO TOBACCO INSTITUTE. IN VIEW OF NATURE OF RESPONSE, AND GENERAL CONSIDERATIONS DISCUSSED REF B, AT THIS POINT WE DOUBT THAT FURTHER EFFORTS THROUGH TFC CHANNEL WILL BE USEFUL; SUGGEST THAT EMPHASIS NOW BE PLACED ON MTN CONTEXT.

(2) CONNECTICUT INTERNATIONAL CORP. (CIC): EMBASSY HAS BEEN IN CONTACT WITH MITSUI REPRESENTATIVES WHO HAVE HEARD NOTHING FURTHER FROM JCAB. KEY JCAB OFFICIAL HAS BEEN OUT OF CITY AND, UNLESS SATISFACTORY RESPONSE IS FORTHCOMING, EMBASSY WILL CALL ON HIM ON HIS RETURN. AFTER DOING UNCLASSIFIED

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SO, WILL DETERMINE SUITABILITY AS A TFC CASE. IN MEANTIME, HAVE NOT YET RECEIVED CIC LETTER NOTED STATE 50471.

(3) BRIGHT STAR INDUSTRIES, INC: EMBASSY DISCUSSIONS WITH BOTH BRIGHT STAR LOCAL DISTRIBUTOR AND THE RESEARCH INSTITUTE OF INDUSTRIAL SAFETY (RISS) OF THE MINISTRY OF LABOR (MOL) CONFIRMED THAT UNDER OLD PROCEDURE, FOREIGN MANUFACTURERS HAD TO OBTAIN FOREIGN TEST RESULTS (IN COUNTRIES WITH SIMILAR STANDARDS) BEFORE APPLYING TO MOL FOR APPROVAL OF INDUSTRIAL SAFETY FLASHLIGHT. REASON FOR THIS PROCEDURE WAS TO PROTECT LOCAL IMPORTERS FROM LEGAL RESPONSIBILITY FOR INDUSTRIAL ACCIDENTS CAUSED BY IMPORTED PRODUCTS. SINCE IT IS ASSUMED ON BASIS OF FOREIGN TEST RESULTS THAT THE PRODUCT MEETS JAPANESE STANDARDS OF EXPLOSION TESTING AND FLAME PROPAGATION, THE RESPONSIBILITY FOR ANY ACCIDENTS WOULD BE THAT OF THE MANUFACTURER. IT SHOULD BE NOTED THAT LOCAL PRODUCERS OF SIMILAR PRODUCTS ARE ALL REQUIRED TO HAVE THEIR OWN TESTING FACILITIES AND THUS ARE RESPONSIBLE FOR INDUSTRIAL ACCIDENTS CAUSED BY SUB-STANDARD PRODUCTS.

HOWEVER, UNDER THE NEW RIIS GUIDELINES FOR APPLICATION FOR INSPECTION, WHICH BECAME EFFECTIVE ON APRIL 1, 1978, MOL HAS WAIVED THE REQUIREMENT OF FOREIGN TEST APPROVALS, AND NOW REQUIRES THE FOLLOWING DOCUMENTS FROM ALL DOMESTIC AND FOREIGN MANUFACTURERS: 1) APPLICATION FORM;

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2) DETAILED DRAWINGS OF THE PRODUCT; 3) SUMMARY DESCRIPTION OF MANUFACTURER'S TESTING FACILITIES; AND 4) TEST RESULTS. WHERE FOREIGN MANUFACTURERS DO NOT HAVE THEIR OWN TESTING FACILITIES AND/OR TEST RESULTS, THE PRODUCT MAY BE TESTED IN JAPAN ITSELF. IN THE CASE OF BRIGHT STAR SPECIFICALLY, THE LOCAL AGENT MAY NOW ARRANGE TO HAVE PRODUCT TESTED IN JAPAN AND UPON COMPLIANCE OF RESULTS WITH JAPANESE STANDARDS, MAY IMPORT THE PRODUCT INTO JAPAN.

BASED ON RECENT CHANGE OF RIIS TESTING REQUIREMENTS, THIS IS NO LONGER A POTENTIAL TFC CASE.

(4) ALLEGHENY LUDLUM INDUSTRIES: SASAKURA BID WAS AWARDED TO SUMITOMO METAL INDUSTRIES (NOT SUMITOMO LIGHT METALS), WHICH INFORMS EMBASSY IT SENT TELEX TO TIMET DIVISION OF ALLEGHENY LUDLUM'S AFFILIATE APRIL 5 INDICATING THAT THE REQUIRED TITANIUM STRIP (SKELP) WILL BE SUPPLIED BY ONE OF THE SUMITOMO GROUP OF COMPANIES. THE SITUATION IS THEREFORE SIMILAR

TO THAT CITED FOR KOBE STEEL, WHICH WILL OBTAIN
ITS SKELP FROM ONE OF ITS AFFILIATES. SINCE
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THERE IS NO EVIDENCE OF GOJ INVOLVEMENT, THIS
PROBABLY SHOULD NO LONGER BE CONSIDERED A FORMAL
POTENTIAL TFC CASE. WE WILL, HOWEVER, UTILIZE
BOTH THE KOBE STEEL AND SUMITOMO ASPECTS OF
THIS CASE IN DISCUSSIONS WITH MITI, SO THAT
MITI IS AT LEAST AWARE OF OUR INTEREST IN
IMPEDIMENTS TO JAPANESE IMPORTS WHICH RESULT
FROM CARTEL-LIKE DECISIONS TO PROCURE DOMESTICALLY.
(FYI) SUMITOMO INDICATES THAT THE TIMET OFFER
DID NOT RPT NOT INCLUDE SPECIFIC PRICE. (END FYI)
(5) CIGAR ASSOCIATION OF AMERICA: CIGAR ASSOCIATION
LETTER AND ENCLOSURES JUST RECEIVED. THIS CASE
OF COURSE GENERALLY RAISES THE SAME ISSUES AS
APPLICABLE TO CIGARETTES (PARA 1(1) ABOVE)
EXCEPT FOR ADDITIONAL LIMITATIONS ON SIZES AND
SHAPES. SUGGEST THAT WHEN COMMERCE RECEIVES
COPIES OF MITI RESPONSE RE CASE NO. 5, IT
PROVIDE CIGAR ASSOCIATION WITH COPY AND REQUEST
ASSOCIATION'S VIEWS WHETHER (1) MATTER SHOULD
BE TAKEN UP ONLY IN MTN, (2) ASSOCIATION WISHES
TO PREPARE NEW LETTER FOR POSSIBLE EMBASSY
ACTION, OR (3) ASSOCIATION WISHES EMBASSY TO
SUBMIT ORIGINAL LETTER THROUGH TFC OR OTHER
CHANNELS. COMMENT: DESPITE FACT THAT FAVORABLE
GOJ RESPONSE TO ANY EMBASSY APPROACH IS UNLIKELY,
WE BELIEVE THAT THE ADDITIONAL LIMITATION
APPLICABLE TO CIGARS MAKES IT DESIRABLE THAT
THE USG BE ON RECORD HERE, AS WELL AS IN GENEVA,
REGARDING THIS ASPECT OF JTS RESTRICTIONS.
(6) ELECTRICAL APPLIANCES CASE: IN RESPONSE TO REQUEST
FOR CLARIFICATION, ASSUME THAT COMMERCE IS
REFERRING TO STATEMENT AT MARCH 14 TFC SENIOR
REVIEW COMMITTEE MEETING BY MITI (KAWASAKI)
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REGARDING "SEVEN TFC CASES." KAWASAKI WAS NOT
INCLUDING THE TRADE STUDY GROUP ELECTRICAL
APPLIANCES REVIEW IN HIS ACCOUNTING. HE WAS
INCLUDING A CASE RAISED WITH MITI (HANAOKA) IN
AUGUST 1977 (PRIOR TO ESTABLISHMENT OF TFC) BY
REPRESENTATIVE DIRECTOR OF BORG-WARNER K.K., AT
SUGGESTION OF E/CMIN. CASE INVOLVED OBTAINING

APPROVAL FOR THE IMPORTATION OF CERTAIN AIR-
CONDITIONING PRODUCTS MANUFACTURED BY YORK
DIVISION OF BORG-WARNER CORPORATION. BORG-
WARNER RECEIVED FAVORABLE RESPONSE FROM MITI
SEVERAL WEEKS FOLLOWING ESTABLISHMENT OF TFC.
AT TOKYO GROUP APRIL 11 MEETING WE INDICATED
THAT, WHILE WE APPRECIATED FAVORABLE ACTION,
IN VIEW OF TIMEFRAME AND CHANNEL INVOLVED WE
WERE NOT INCLUDING THIS AS A FORMAL TFC CASE.

2. NEW CASE: CASE NO. 7--JAPAN SUN OIL COMPANY: E/CMIN
HAS SENT TO HANAOKA A LETTER FROM JAPAN SUN OIL
COMPANY, THIRTY PERCENT OWNED BY SUN OIL INTERNATIONAL,
INC. OF PHILADELPHIA, REGARDING A PROPOSED COMMODITY
TAX ON CRUDE OIL AND PETROLEUM PRODUCTS. THE LETTER
POINTS OUT THAT BECAUSE THE TAX WOULD BE LEVIED ON
IMPORTED PETROLEUM PRODUCTS BUT NOT ON SUCH PRODUCTS
REFINED IN JAPAN, IMPORTS OF "BASE OIL" FROM THE
UNITED STATES WOULD BE ADVERSELY AFFECTED. SUN OIL
REQUESTS THAT EITHER THE TAX ON IMPORTED PRODUCTS
BE ELIMINATED, OR THAT THE TAX BE IMPOSED ON
DOMESTIC AS WELL AS IMPORTED PRODUCTS. COPIES OF
SUN OIL'S LETTER AND EMBASSY'S COVERING LETTER
HAVE BEEN SENT TO COMMERCE (GLICK) AND GEBER (STATE).

3. RESPONSE TO PARA (B) REF A, REGARDING TRADE
STUDY GROUP, FOLLOWS SEPTTEL.
MANSFIELD

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Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
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